



CITY OF SAN ANTONIO

P. O. BOX 839966
SAN ANTONIO, TEXAS 78283-3966

September 9, 2005

Phil Hardberger
Mayor

Kevin Wolf
Councilman, District 9

Art Hall
Councilman, District 8

Richard Perez
Councilman, District 4

Delicia Herrera
Councilwoman, District 6

Roger O. Flores
Councilman, District 1

Sheila D. McNeil
Councilwoman, District 2

Roland Gutierrez
Councilman, District 3

Patti Radle
Councilwoman, District 5

Elena Guajardo
Councilwoman District 7

Christopher "Chip" Haass
Councilman, District 10

J. Rolando Bono
City Manager

Ladies and Gentlemen:

RE: Final audit report review of "SAP Customer Relationship Management Under Development"

The system development review of the SAP Customer Relationship Management System (SAP-CRM) was performed between November 2004 and April 2005. This review was designed to assess the propriety of the internal control environment and risk management framework for the service processes incorporated within the SAP-CRM project scope. Primarily the process relating to citizens inquiry or request for City services used by the Customer Services / 3-1-1 Department was reviewed. Additionally, the review intended to include an assessment of risk management practice and internal controls used by the project team to ensure the project was successfully implemented. Due to the abrupt cancellation of the project during the audit, the SAP-CRM project management objective was not fully addressed. However, a general observation relating to project management and development methodology for computer system projects is included in the report.

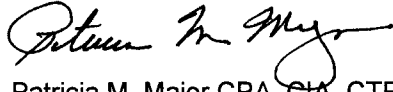
In 1995, the Standish Group, a widely recognized consulting firm, published the landmark study of IT project failure, "The Chaos Report" and updated the results with "Extreme Chaos" in 2001. The 2001 study continues to confirm that the majority of application projects either failed or are challenged upon completion. The survey states that only 28% of application project deliveries are categorized as successful; meaning the project is completed on time and on budget, with all features and functions originally specified. The Standish Group research shows that 46% of successful project used a formal project management framework, compared to 30% of challenged and failed projects.

The audit team did not provide an opinion on the positive or negative merits of canceling the SAP-CRM project. However, the audit report does address a concern that small and large application projects City-wide continue to be initiated without the benefit of a formal system development methodology and project management framework. Considering the extreme challenge to deliver a successful application project, the report recommends City Management formally adopt a system development methodology and project management framework to provide guidance for future projects. Additionally, City Management needs to foster an environment that includes effective executive sponsorship, an engaged steering committee and an organizational governance process that connects business needs to project development to help

ensure computer system projects are successful; meaning completed on time and on budget, with all features and functions originally specified

The audit team appreciated the cooperation and assistance extended by the Enterprise Resource Management, Customer Service / 3-1-1, Public Works, SAMHD – Animal Care, Code Compliance, and Information Technology Services Departments in performing this review. The Internal Audit Department is available to discuss the details of this report with you at your individual convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia M. Major".

Patricia M. Major CPA, CIA, CTP, CGFM
City Internal Auditor

cc: Michael Armstrong, CIO – Assistant City Manager
Erik Walsh, Assistant to the City Manager
Hugh Miller, Director, ITSD
Antonio Bosman, Director, Customer Service / 3-1-1
Troy Elliot, ERM Project Director
Martha Sepeda, Interim City Attorney
Leticia Vacek, City Clerk
Central Library Branch